

Questar fight heating up

Ball still battling over gas processing costs

By Dave Anderton

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You might call him the pit bull that won't let go.



Roger Ball

Nearly two years have passed since Roger Ball, the former director of the state's Committee of Consumer Services, was fired by Gov. Jon Huntsman Jr.

But today, as Michele Beck, the new director of the utility watchdog group, meets for the first time with committee members, it is Ball they will be talking about.

Ball is continuing a fight that began nearly 10 years ago against Salt Lake-based Questar Gas Co.

At stake are tens of millions of dollars and an ongoing safety issue over new compositions of natural gas reaching Wasatch Front homes.

In the early 1990s, Questar Pipeline, a subsidiary, introduced so-called "coal-seam" natural gas into its pipeline system, a type of gas that cannot be deployed safely in homes without either special adjustments to residential furnaces and water heaters or processing of the gas at a facility to remove some carbon dioxide.

Over time, the coal-seam gas began to crowd out "oil-field" natural gas, causing a safety issue for appliances and a dilemma about who should pay to fix the problem.

For Ball, the issue is clear. Questar created the problem and should be forced to pay all costs associated with processing coal-seam gas, which, he said, the utility introduced in its system to increase its profits.

Questar has maintained that the decision to build a processing plant was the best option and that customers should pick up the tab, adding that the processing costs are "just and reasonable."

"We, as much as our customers, are a beneficiary of this gas coming on our system," said Chad Jones, a spokesman for the utility. "It saves them millions every year."

During much of Ball's eight-year tenure as director, the committee fought Salt Lake-based Questar over the costs.

In 2003, the committee, which is charged by statute to protect the interests of consumers and small businesses, won a major victory in the dispute. The Utah Supreme Court reversed a state Public Service Commission order that resulted in a \$29 million refund in processing costs, or about \$37 to each Questar customer.

However, last year the PSC approved a new deal — this time with the blessing of the consumer committee — that allowed processing costs to begin again through 2008, amounting to roughly \$18 million.

Ball was furious.

Now he, along with 54 other Utahns, are taking their appeal to the Utah Supreme Court, which is expected in February to hear oral arguments on the issue.

"The committee made a terrible error," Ball said. "I just totally fail to understand why they did that."

But when arguments begin next month, the committee will be on Questar's side.

Reed Warnick, the committee's attorney who successfully challenged the processing costs before the court in 2003, will now argue that Ball has no standing in the case.

"Mr. Ball petitioned to intervene in this proceeding after it was over," Warnick said in a brief filed in December before the Supreme Court. "He requested that the commission grant him full discovery rights, the right to submit testimony and cross-examine witnesses, and that the commission hold another full evidentiary hearing."

Jones said Ball is arguing an old set of facts.

"At the end of the last Supreme Court case, the PSC gave us an order that said you need to decide what to do with this gas going forward," Jones said. "We closed that case. We gave customers back their money. We started over with a new set of circumstances, new facts and examined a whole bunch of new options. And in the end, all the experts all agreed that the best thing to do was to continue processing gas because it is saving customers millions of dollars."

Warnick now maintains, like Questar, that the introduction of coal-seam gas, which accounts for up to 40 percent of Questar's annual purchased gas supply, has saved utility customers more than \$36 million in fuel costs alone in recent years.

Ball's request, if granted by the court, Warnick said, "would waste state and ratepayer money in a further dispute that litigation has shown itself ill-equipped to finally resolve."

Yet it appears the litigation will continue for at least another year.
"This is one subject that I learned a great deal about," Ball said. "I feel that I owe it to consumers to stand up for their interests."

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